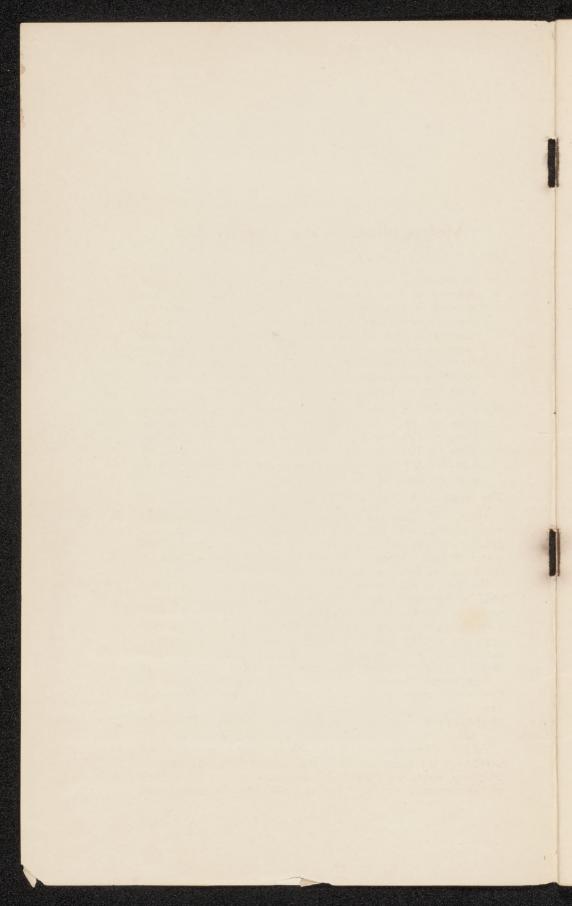
Metropolitan Water District Act State of California

As Amended 1931

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Metropolitan Water District Act

STATE OF CALIFORNIA

An act providing for the incorporation, government and management of metropolitan water districts, authorizing such districts to incur bonded debt and to acquire, construct, operate and manage works and property, providing for the taxation of property therein and the performance of certain functions relating thereto by officers of counties, providing for the addition of area thereto and the exclusion of area therefrom and authorizing municipal corporations to aid and participate in the incorporation of such districts.

[Chapter 429, Statutes 1927; approved by the Governor May 10, 1927; in effect July 29, 1927. Amended by Chapter 796, Statutes 1929, approved by the Governor June 13, 1929; in effect August 14, 1929. Amended by Chapter 323, Statutes 1931; approved by the Governor, and in effect, May 12, 1931.]

The people of the State of California do enact as follows:

Section 1. This act shall be known as the "Metropolitan water district act" and shall apply to the incorporation, organization, government, maintenance and operation of the water districts herein provided for and described, and to the board of directors herein referred to.

Sec. 2. As used herein the term "municipality" or "city" shall be deemed to mean and include any municipal corporation of the State of California, whether organized under a freeholders' charter or under the provisions of general law; and for the purposes of this act such words "municipality" and "city" shall also include and mean any water district incorporated for the service of water.

The terms "board" and "board of directors" shall be deemed to refer to the directors created under section 6 hereof.

[Amendment approved May 12, 1931; Stats. 1931, Chap. 323]

Sec. 3. Metropolitan water districts may be organized hereunder for the purpose of developing, storing and distributing water for domestic purposes, and may be formed of the territory included within the corporate boundaries

Short title.

Words and phrases defined.

Purpose and corporate existence of district.

of any two or more municipalities, which need not be contiguous, and may be incorporated and organized and thereafter governed, maintained and operated as herein provided, and when so incorporated shall have and exercise such powers as are herein expressly granted, together with such powers as are reasonably implied therefrom and necessary and proper to carry out the objects and purposes of such incorporated districts. Each such district when so incorporated shall be a separate and independent political corporate entity.

Organization.

Sec. 4. Such metropolitan water district shall be organized and incorporated in the following manner:

Ordinance.

(a) The legislative body of any municipality may pass an ordinance declaring that the public convenience and necessity require the incorporation of a metropolitan water district, which ordinance shall state: (a) that it is proposed to incorporate a metropolitan water district under the provisions of this act; (b) the names of the cities proposed to be included within the district to be incorporated; (c) the name of the proposed district; and (d) an estimate of the preliminary costs and expenses of incorporating and organizing the proposed district and an apportionment of such costs and expenses among the several municipalities proposed to be included within such district. Such apportionment shall be substantially in accordance with population as shown by the most recent federal census.

Copies to be mailed.

(b) It shall be the duty of the clerk of the legislative body, upon the taking effect of such ordinance, to forthwith transmit a certified copy thereof by registered mail to the chief executive officer of each of the other municipalities named therein.

Approval or rejection.

(c) Within sixty days after the receipt by any municipality named therein of a certified copy of such ordinance, the legislative body of such municipality shall by order either approve or reject such ordinance without alteration or amendment. In the event that the legislative body of any municipality shall fail to act upon such ordinance as herein provided within such period of sixty days after receipt of a certified copy thereof, such municipality shall be deemed to have rejected said ordinance.

Certified copy of order. (d) Immediately upon the approval or rejection of said ordinance by the legislative body of any municipality, the clerk thereof shall forward to the clerk of the municipality initiating the proceedings a certified copy of the order approving or rejecting such ordinance, as the case may be. Each municipality thus approving such ordinance shall promptly pay over to the municipality initiating the pro-

cedure hereunder, the sum of money apportioned to it by the municipality initiating the proceedings as its share of the preliminary costs and expenses of the incorporation and organization of such district, and the money so paid shall constitute a fund for the purpose of defraying such costs and expenses of conducting the election herein provided for as are not met by the respective municipalities, and such incidental expenses as may be properly incurred in connection therewith. Each municipality contributing money as herein provided shall be entitled to credit with the district for the amount contributed.

Preliminary

Within one hundred twenty days after the transmission of said original ordinance, as provided in subdivision (b) of this section, but not until each municipality named therein shall have acted thereon or said sixty day periods shall have expired, the legislative body of the initiating city shall call and provide for the holding of a special election in all of the municipalities, the legislative bodies of which shall have approved said original ordinance as herein provided, including the initiating city, at which election the proposition of the incorporation of such metropolitan water district shall be submitted to the electors residing within such municipalities for ratification or rejection. Such election may be held separately or may be consolidated or held concurrently with any other election or elections authorized by law at which the electors residing in all of the cities wherein such election is called to be held are entitled to vote.

Call for election.

Such election shall be called by ordinance by the governing body of the initiating city. Such ordinance shall contain, (1) the names of all cities, the governing bodies of which shall have approved the original ordinance as provided in subdivision (c) of this section, in which cities such election shall be called to be held, (2) the day upon which such election shall be held, (3) the time for opening and closing polls, and (4) the manner of voting for or against the proposition. (5) Such ordinance shall also designate the precincts and polling places and shall appoint the officers of such election, which officers shall consist of one inspector, one judge and two clerks in each precinct. The description of precincts may be made by reference to any order or orders of the board of supervisors of the county or counties in which the proposed metropolitan water district, or any part thereof, shall be situated, or by reference to any provisions, order or ordinance of the legislative body of any municipality proposed to be included in the incorporation of such metropolitan water district, or by detailed description of such precincts. Precincts established Same.

Precincts.

by the boards of supervisors of the various counties to a number of not exceeding six may be consolidated for special elections held hereunder.

Concurrent and consolidated elections. Whenever any election held hereunder shall be held concurrently with or shall be consolidated with any primary or general election, the precincts, polling places and officers of election shall be those designated and appointed for such primary or general election, and the ordinance calling the election hereunder need not designate precincts or polling places or name the election officers, but shall refer to the order or orders, or act or acts, by which such other election shall have been called, and by which the precincts and polling places thereof shall have been fixed and the officers of election appointed.

Publication of call.

(g) The ordinance calling such election shall be published once at least ten days before the date of the election therein called in a newspaper of general circulation printed and published in each county within the proposed metropolitan water district, and no other or further notice of such election or publication of the names of election officers or of the precincts or polling places need be given or made.

Ballots.

(h) The ballot used at such election shall contain the words "Shall the territory embraced within the corporate boundaries of the city of.........become a part of the......... metropolitan water district" (inserting the name of the city or water district as the case may be wherein such ballot shall be used and the name of the metropolitan water district as stated in the initiating ordinance) and the words "Yes" and "No" accompanied by voting squares set opposite thereto so that any elector may record his vote either for or against the propositions.

Counting ballots and canvassing the returns. (i) When such election shall be held separately or shall be conducted concurrently with any other election but by the use of separate ballots, such ballots shall be counted by the respective election boards and the returns thereof shall be made to the governing board of the initiating city, which body, at its first regular meeting occurring five days after such election, shall canvass the returns and declare the result thereof.

Same, in event of consolidated election.

In the event that any election held hereunder shall be consolidated with any primary or general election and the proposition herein provided for shall be printed upon a ballot containing other propositions, the returns of the election held hereunder shall be made with the returns of the primary or general election to the boards of supervisors or other bodies whose duty it shall be to canvass the returns thereof, and the results of the election held hereunder shall be canvassed at the time and in the manner provided by

law for the canvass of the returns of such primary or general election. It shall be the duty of such canvassing body or bodies to promptly certify and transmit to the governing body of the initiating city a statement of the result of the vote upon the proposition submitted hereunder in each of the respective cities, the returns for which shall have been made to such canvassing bodies. Upon the receipt of such certificates it shall be the duty of the governing body of the initiating city to tabulate and declare the result thereof.

The governing body of the initiating city shall certify to the secretary of state the proceedings had together with the result of the election, separately stating the names of the cities in which a majority of the electors voting upon the proposition shall have voted affirmatively; provided, however, that the total assessed valuation in such approving municipalities as shown by county assessment records, shall be not less than two-thirds of the total assessed valuation within the district as proposed in the original ordinance according to the records of the county or counties.

The secretary of state shall within ten days after the receipt of such certificate of election issue a certificate of incorporation reciting that the district named in such certificate of election has been duly incorporated according to the laws of the State of California, and naming the municipalities of which said district shall be composed as shown by such certificate of election, which municipalities shall be those in which the majority of electors voting on the proposition of incorporation shall have voted affirmatively. The secretary of state shall transmit to each such municipality a copy of said certificate of incorporation. The incorporation of any metropolitan water district shall be and become effective from and after the date of the issuance of such certificate of incorporation, and such district shall thereupon and thereafter become vested with all of the rights, privileges, and powers in this act provided.

(j) The validity of the incorporation of any such district shall be incontestable in any suit or proceeding which shall not have been commenced within three months from the date of the issuance of the certificate of incorporation thereof; and no invalidity or irregularity in any proceeding which does not substantially and adversely affect the interests of the electors or citizens of the district, or any municipality therein, shall be held to invalidate the incorporation of any such district.

[Amendment approved June 13, 1929; Stats. 1929, Chap. 796.]

Certificate to Secretary of State.

Certificate of incorporation.

Validity of incorporation.

Powers of district.

- Sec. 5. Any district incorporated as herein provided shall have power:
 - (1) To have perpetual succession.
- (2) To sue and be sued in all actions and proceedings and in all courts and tribunals of competent jurisdiction.
 - (3) To adopt a corporate seal and alter it at pleasure.
- (4) To take by grant, purchase, bequest, devise or lease, and to hold, enjoy, lease, sell or otherwise dispose of, any and all real and personal property of any kind within or without the district and within and without the state necessary or convenient to the full exercise of its powers; also to acquire, construct or operate, control and use any and all works, facilities and means necessary or convenient to the exercise of its powers, both within and without and within or without the district and within and without the state, and to do and perform any and all things necessary or convenient to the full exercise of the powers herein granted.
- (5) To have and exercise the power of eminent domain and in the manner provided by law for the condemnation of private property for public use to take any property necessary to the exercise of the powers herein granted except water and water rights already devoted to beneficial use and power plants devoted to public use; and provided. further, that any district organized under the provisions of this act shall not have or exercise the power of eminent domain for the purpose of condemning or taking any water or right to water conserved or stored behind any flood control dam that has been or may hereafter be built or constructed by any flood control district created by act of Legislature of this state. Subject to the express limitations hereinbefore set out, in any proceeding relative to the exercise of such power of eminent domain, the district shall have the same rights, powers and privileges as a municipal corporation.
- (6) To construct and maintain works and establish and maintain facilities across or along any public street or highway and in, upon or over any of the lands which are now, or may become, the property of the State of California, and to construct works and establish and maintain facilities across any stream of water or water course; provided, however, that the district shall promptly restore any such street or highway to its former state of usefulness as nearly as may be, and shall not use the same in such manner as to completely or unnecessarily impair the usefulness thereof. In the use of streets the district shall be subject to the reasonable rules and regulations of the county or city



wherein such streets lie, concerning excavations and the refilling of excavations, the relaying of pavements and the protection of the public during periods of construction; provided, that the district shall not be required to pay any license or permit fees, or file any bonds. The district may be required to pay reasonable inspection fees.

Powers of district (continued).

- (7) To borrow money and incur indebtedness and to issue bonds or other evidence of such indebtedness; provided, however, that no district incorporated hereunder shall incur indebtedness which, in the aggregate, shall exceed fifteen (15) per cent of the assessed valuation of all the taxable property included within the district, as shown by the assessment records of the county or counties, excepting property subject to taxation for state purposes under the provision of section 14 of article thirteen of the constitution of the State of California.
- (8) To levy and collect taxes for the purposes of carrying on the operations and paying the obligations of the district; provided, however, that such tax levied under this section exclusive of any tax levied to meet the bonded indebtedness of such district and the interest thereon shall not exceed five cents on each such one hundred dollars of assessed valuation; to enter into contracts, employ and retain personal services and employ laborers; to create, establish and maintain such offices and positions as shall be necessary and convenient for the transaction of the business of the district, and to elect, appoint and employ such officers, attorneys, agents and employees therefor as shall be found by the board of directors to be necessary and convenient.
- (9) To join with one or more other public corporations for the purpose of carrying out any of its powers, and for that purpose to contract with such other public corporation or corporations for the purpose of financing such acquisitions, constructions and operations. Such contracts may provide for contributions to be made by each party thereto and for the division and apportionment of the expenses of such acquisitions and operations, and the division and apportionment of the benefits, the services and products therefrom, and may provide for an agency to effect such acquisitions and carry on such operations, and shall provide in the powers and methods of procedure for such agency the method by which such agency may contract. Such contract may contain such other and further covenants and agreements as may be necessary and convenient to accomplish the purposes hereof. The term "public corporation" as used in this subdivision shall be deemed to mean and include the United States or any other public agency

Powers of district (continued).

thereof or this or any other state or any political district or subdivision thereof.

(10) To acquire water and water rights within or without the state; to develop, store and transport water; to provide, sell and deliver water at wholesale for municipal and domestic uses and purposes; to provide, sell and deliver surplus water of the district not needed or required by member cities for domestic or municipal uses therein, for beneficial purposes, but giving preference to uses within the district; provided, that the supplying of such surplus water shall, in every case, be subject to the paramount right of the district to discontinue the same, in whole or in part, and to take and hold, or to provide, sell and deliver, such water for domestic or municipal uses within the district, upon one year's written notice to the purchaser or user of such surplus water, such notice to be given by the board of directors of the district whenever it shall be determined and declared by resolution adopted by said board of directors by a two-thirds vote thereof that such water is needed or required by member cities of the district for domestic or municipal uses therein; to fix the rates therefor, and to acquire, construct, operate and maintain any and all works, facilities, improvements and property necessary or convenient therefor.

[Amendment approved May 12, 1931; Stats. 1931, Chap.

323.]

Sec. 5½. Each city, the area of which shall be a part of any district incorporated hereunder, shall have a preferential right to purchase from the district for distribution by such city, or any public utility therein empowered by said city for the purpose, for domestic and municipal uses within such city a portion of the water served by the district which shall, from time to time, bear the same ratio to all of the water supply of the district as the total accumulation of amounts paid by such city to the district on tax assessments and otherwise, excepting purchase of water, toward the capital cost and operating expense of the district's works shall bear to the total payments received by the district on account of tax assessments and otherwise, excepting purchase of water, toward such capital cost and operating expense.

[Amendment approved May 12, 1931; Stats. 1931, Chap.

323.]

Directors.

Right of city

Sec. 6. All powers, privileges and duties vested in or imposed upon any district incorporated hereunder shall be exercised and performed by and through a board of directors; provided, however, that the exercise of any and all executive, administrative and ministerial powers may be

by said board of directors delegated and redelegated to any of the offices created hereby or by the board of directors

acting hereunder.

The board of directors herein referred to shall consist of at least one representative from each municipality, the area of which shall lie within the metropolitan water district. Such representatives shall serve without compensation from the district and shall be designated and appointed by the chief executive officers of municipalities, respectively, with the consent and approval of the governing bodies of the municipalities, respectively. As a member of the board of directors, each representative shall be entitled to vote on all questions, orders, resolutions and ordinances coming before the board, and shall be entitled to cast one vote for each ten million dollars, or major fractional part thereof, of assessed valuation of property taxable for district purposes in the city represented by him as shown by the assessment records of the county and evidenced by the certificate of the county auditor; provided, that each representative shall have at least one vote and no municipality shall have votes exceeding in number the total number of votes of all the other municipalities that are members of such district. In lieu of one representative any city may at its option designate and appoint several representatives not exceeding one additional representative for each two hundred million dollars of assessed valuation, but such representatives shall cast the vote to which such city would otherwise be entitled as a unit and as a majority of such representatives present shall determine. The affirmative votes of members representing more than fifty (50) per cent of the total number of votes of all the members shall be necessary and, except as otherwise herein provided, shall be sufficient to carry any order, resolution or ordinance coming before the board of directors. For the purposes of this section, the term "major fractional part" shall be deemed to mean a fractional part larger than one-half. Members of the board of directors so constituted shall convene at the time and place fixed by the chief executive officer of the municipality initiating the proceedings hereunder, and immediately upon convening, such board of directors shall elect from its membership a chairman, a vicechairman, and a secretary, who shall serve for a period of two years, or until their successor shall be elected and qualified.

The board of directors shall have power:

(1) To fix the time and place or places at which its regular meetings shall be held, and shall provide for the calling and holding of special meetings.

Representa-

Voting.

Additional representatives of city.

Votes required.

Organization meeting.

Powers of

Powers of directors (continued).

Roll-Call.

Ordinances; when can be adopted

and when effective.

Powers of directors (continued).

(2) To make and pass ordinances, resolutions and orders not repugnant to the constitution of the United States or of the State of California, or to the provisions of this act, necessary for the government and management of the affairs of the district, for the execution of the powers vested in the district and for carrying into effect the provisions of this act. On all ordinances and resolutions the roll shall be called and the ayes and noes recorded. Orders may be adopted by viva voce, but on demand of any member the roll shall be called. No ordinance shall be adopted unless it shall have been introduced on a day previous to the time of such adoption except by unanimous vote of all the members of the board of directors present, provided there shall be present directors from not less than three-fourths of all cities composing said metropolitan water district and representing not less than three-fourths of the total votes of said district; provided, that in lieu of such previous introduction or unanimous vote any ordinance may be mailed by registered mail, postage prepaid to each member of the board of directors at least five (5) days prior to the day upon which such ordinance shall be presented for adoption. No ordinance adopted by the board of directors shall take effect until the expiration of thirty days following the adoption thereof, except an ordinance ordering or otherwise relating to an election or to the levying or collection of taxes or the fixing of water rates; and an ordinance necessary for the immediate preservation or protection of the property, interests or welfare of the district, which shall contain a specific statement showing its urgency, and is passed by three-fourths of the total vote of the board of directors but all ordinances of any of the classes heretofore excepted by this section shall take effect upon their adoption. All ordinances except those which shall take effect upon their adoption as provided in this section shall be subject to referendum in the manner provided by law for the legislative acts of boards of supervisors of counties.

(3) To fix the location of the principal place of business of the district and the location of all offices and departments maintained hereunder.

(4) To prescribe by ordinance a system of business administration and to create any and all necessary offices which shall include the offices of controller and of treasurer and to establish and reestablish the powers and duties and compensation of all officers and employees and to require and fix the amount of all official bonds necessary for the protection of the funds and property of the district.

(5) To prescribe by ordinance a system of civil service.

(6) To delegate and redelegate by ordinance to officers

of the district power to employ clerical, legal and engineering assistants and labor, and under such conditions and

restrictions as shall be fixed by the directors power to bind the district by contract.

(7) To prescribe a method of auditing and allowing or rejecting claims and demands; also to prescribe methods for the construction of works and for the letting of contracts for the construction of works, structures or equipment, or the performance or furnishing of labor, materials or supplies, required for the carrying out of any of the purposes of this act; provided that, in cases where work is not to be done by the district itself by force account, and the amount involved shall be ten thousand dollars, or more, the board of directors shall provide for the letting of contracts to the lowest responsible bidder, after publication of notices inviting bids, subject to the right of said board to reject any and all proposals. Provided, further, that contracts, in writing or otherwise, may be let without advertising for or inviting bids, when any repairs, alterations, or other work, or the purchase of materials, supplies, equipment or other property, shall be deemed by the board of directors to be of urgent necessity, and shall be authorized by a two-thirds vote thereof.

(8) To fix the rates at which water shall be sold; provided, however, that rates shall be uniform for like classes

of service throughout the district.

[Amendment approved May 12, 1931; Stats. 1931, Chap.

323.7

Sec. 7. (a) Whenever the board of directors of any metropolitan water district incorporated under this act shall, by ordinance adopted by a vote of a majority of the aggregate number of votes of all the members of the board of directors, determine that the interests of said district and the public interest or necessity demand the acquisition, construction or completion of any public improvement or works, or the incurring of any preliminary expenses, necessary or convenient to carry out the objects or purposes of said district the cost of which will be too great to be paid out of the ordinary annual income and revenue of the district, said board of directors may order the submission of the proposition of incurring bonded indebtedness, for the purposes set forth in the said ordinance, to the qualified voters of such district, at an election held for that purpose. Any election held for the purpose of submitting any proposition or propositions of incurring such bonded indebtedness may be held separately, or may be consolidated or held concurrently with any other election authorized by law at which the qualified electors of the district are enPowers of directors (continued).

Bonded indebtedness.

Submission to electors. Call.

titled to vote. The declaration of public interest or necessity herein required and the provision for the holding of such election may be included within one and the same ordinance, which ordinance, in addition to such declaration of public interest or necessity, shall recite the objects and purposes for which the indebtedness is proposed to be incurred, the estimated cost of the public works or improvements, or the estimated amount of preliminary expenses, as the case may be, the amount of the principal of the indebtedness to be incurred therefor and the maximum rate of interest to be paid on such indebtedness, which rate shall not exceed six (6) per cent per annum payable semiannually. Such ordinance shall also fix the date upon which such election shall be held and the manner of holding the same and the method of voting for or against incurring the proposed indebtedness. Such ordinance shall also fix the compensation to be paid the officers of the election and shall designate the precincts and polling places and shall appoint the officers of such election, which officers shall consist of one inspector, one judge and two clerks in each precinct. The description of precincts may be made by reference to any order or orders of the board of supervisors of the county or counties in which the district or any part thereof is situated, or by reference to any previous order or ordinance of the legislative body of the municipality, or by detailed description of such precincts. Precincts established by the boards of supervisors of the various counties, to a number not exceeding six (6), may be consolidated for special elections held hereunder. In the event any bond election shall be called to be held concurrently with any other election or shall be consolidated therewith, the ordinance calling the election hereunder need not designate precincts or polling places or the names of officers of election, but shall contain reference to the act or order calling such other election and fixing the precincts and polling places and appointing election officers therefor.

Publication of call.

Precincts.

(b) The ordinance provided for in subdivision (a) of this section shall be published once, at least ten (10) days before the date of the election therein called, in a newspaper of general circulation printed and published within the district, and no other or further notice of such election or publication of the names of election officers or of the precincts or polling places need be given or made.

Conduct of election.

(c) The respective election boards shall conduct the election in their respective precincts in the manner prescribed by law for the holding of general elections, and shall make their returns to the secretary of the district. At any regular or special meeting of the board of directors held not

Canvass of returns.

earlier than five (5) days following the date of such election, the returns thereof shall be canvassed and the results thereof declared. In the event that any election held hereunder shall be consolidated with any primary or general election and the proposition to incur indebtedness shall be printed upon a ballot containing other propositions, the returns of the election held hereunder shall be made with the returns of the primary or general election to the board of supervisors or other bodies whose duty it shall be to canvass the returns thereof, and the results of the election held hereunder shall be canvassed at the time and in the manner provided by law for the canvass of the returns of such primary or general election. It shall be the duty of such canvassing body or bodies to promptly certify and transmit to the board of directors of the district a statement of the result of the vote upon the proposition submitted hereunder. Upon receipt of such certificates, it shall be the duty of the board of directors to tabulate and declare the results of the election held hereunder.

Same, in the event of consolidated

(d) In the event that it shall appear from said returns that a majority of the electors voting on any proposition submitted hereunder at such election voted in favor of such proposition, the district shall thereupon be authorized to issue and sell bonds of the district in the amount and for the purpose or purposes and object or objects provided for such proposition in such ordinance, and at a rate of interest, not exceeding the rate recited in said ordinance.

If majority

(e) All bonds of such district, issued under the provisions of this act, shall be payable substantially in the following manner: A part to be determined by the board of directors which shall not be less than one-fiftieth (1/50) part of the whole amount of such indebtedness, shall be payable each and every year on a day and date, and at a place or places to be fixed by said board of directors, together with the interest on all sums unpaid at such date; provided, that, in case such bonds are issued in installments at different times, each installment shall be payable substantially in the following manner: A part to be determined by the board of directors which shall not be less than one-fiftieth (1/50) part of the whole amount of such installment, shall be payable each and every year on a day and date, and at a place or places to be fixed by said board of directors, together with the interest on all sums unpaid at such date; provided, however, that said board may, in its discretion, determine and fix the date for the earliest maturity of the principal of the whole amount of such bonded indebtedness, or of each installment of such bonds,

Bond issues.

Payment.

Installment

Deferred maturities. Denomina-

Interest.

Signatures.

Coupons.

Validity of signatures.

Sale of bonds.



as the case may be, not more than fifteen years from the date of the first issue of such bonds, or of the respective installment of such bonds, as the case may be; in this event. the whole amount of such bonded indebtedness, or of the respective installment of such bonds, as the case may be, must be made payable in substantially equal annual parts in not to exceed fifty (50) years from the date of the first issue of such bonds, when the bonds are issued in one block, or from the date of the respective installment of such bonds. when the bonds are issued in installments. The bonds shall be issued in such denominations as the board of directors may determine, except that no bonds shall be of less denomination than one hundred (100) dollars, nor of a greater denomination than one thousand (1000) dollars, and shall be payable on the day and at the place or places fixed in such bonds and with interest at the rate specified therein, which rate shall not be in excess of six per cent (6%) per annum, and shall be payable semi-annually. Such bonds shall be signed by the chairman of said board of directors, or by such other officer as said board of directors shall, by resolution adopted by a majority vote of its members, authorize and designate for that purpose, and such bonds shall also be signed by the controller and countersigned by the secretary of said board of directors. The coupons of said bonds shall be numbered consecutively, and signed by said controller. All such signatures and counter-signatures excepting that of the controller on said bonds, may be printed, lithographed or engraved.

(f) In case any of such officers, whose signatures or counter-signatures appear on the bonds or coupons, shall cease to be such officer before the delivery of such bonds to the purchaser, such signatures or counter-signatures shall nevertheless be valid and sufficient for all purposes, the same as if they had remained in office until the delivery of such bonds.

(g) Such bonds shall not be sold at a price less than the par value thereof, together with accrued interest to the date of delivery, nor until notice calling for bids therefor shall have been published in a newspaper of general circulation published and circulated in the county wherein the principal place of business of said district shall be located. Said notice, calling for bids, shall state the time for the receipt of such bids, which shall be not less than ten (10) days after the first publication thereof. Such notice may offer the bonds at a fixed interest rate or with the interest rate undetermined, in which event the bids shall contain a statement of the lowest rate of interest at which the bidder will take the bonds and pay par value or more



therefor, together with accrued interest. Bids for such bonds shall be opened publicly and the results thereof publicly announced. Such bonds shall be sold to the highest bidder. Temporary, or interim, bonds or certificates, of any denomination whatsoever, to be signed by the controller, may be issued until the definitive bonds are executed and available for delivery.

Interim certificates.

(h) Such bonds may be issued and sold by said board of directors as they shall determine, and the proceeds thereof, excepting premium and accrued interest, shall be placed in the treasury of said district to the credit of the proper improvement fund, and shall be applied exclusively to the purposes and objects mentioned in said ordinance. Premium and accrued interest shall be placed in the fund to be applied to the payment of interest on, and the retirement of, the bonds so sold.

Proceeds of sale of bonds.

(i) The board of directors shall, within ninety (90) days from the date of the election authorizing the issuance of bonds, cause to be brought in the name of the district an action in the superior court of the county in which said district, or the greater portion of the property subject to taxation by said district, according to the most recent assessment, is located, to determine the validity of any such bonds and the sufficiency of the provision for the collection of an annual tax sufficient to pay the interest on such indebtedness as it falls due and to constitute a sinking fund for the payment of the principal thereof on or before maturity. Such action shall be in the nature of a proceeding in rem, and jurisdiction of all parties interested may be had by publication of summons for at least once a week for three (3) weeks in some paper of general circulation published in the county where the action is pending, such paper to be designated by the court having jurisdiction of the proceedings. Jurisdiction shall be complete within ten (10) days after the full publication of such summons in the manner herein provided. Anyone interested may at any time before the expiration of said ten (10) days appear and by proper proceedings contest the validity of such bonds and the sufficiency of the provision for the collection of an annual tax sufficient to pay the interest on such indebtedness as it falls due and to constitute a sinking fund for the payment of the principal thereof on or before maturity. Such action shall be speedily tried and judgment rendered declaring such bonds to be valid or invalid, and declaring the provision for the collection of an annual tax for said purposes, to be sufficient or insufficient. Either party may have the right to appeal to the supreme court at any time within thirty (30) days after the rendiValidity of bonds:
Action to test same.

tion of such judgment, which appeal must be heard and determined within three months from the time of taking such appeal. After the expiration of ninety (90) days from the date of the election authorizing the issuance of bonds, no action may be brought to contest or question the validity of said bonds and proceedings in relation thereto or the sufficiency of the provision for the collection of an annual tax sufficient to pay the interest on such indebtedness as it falls due and to constitute a sinking fund for the payment of the principal thereof on or before maturity. If there be more than one action or proceeding involving the validity of any of such bonds, or the sufficiency of the provision for the collection of an annual tax sufficient for the said purposes, they shall be consolidated and tried together. The court hearing any proceeding or action inquiring into the regularity, legality or correctness of the proceedings leading up to the issuance of bonds or the validity of such bonds or the sufficiency of such provision for the collection of an annual tax, must disregard any error, irregularity or omission which does not affect the substantial rights of the parties to said action or proceeding. The rules of pleading and practice provided by the Code of Civil Procedure, which are not inconsistent with the provisions of this act, are applicable to all actions or proceedings herein provided for. The motion for a new trial of any such action or proceeding must be heard and determined within ten (10) days from the filing of the notice of intention. The costs on any proceeding or action herein provided for may be allowed and apportioned between the parties or taxed to the losing party, in the discretion of the court.

Water rates to pay operas ing expenses, repairs and depreciation. Interest and principal of bonded debt to be paid: So far as practicable, from water rates;

if same are inadequate, from tax levies.

(i) The board of directors shall fix such rate or rates for water furnished as will pay the operating expenses of the district, provide for repairs and depreciation of works owned or operated by such district, pay the interest on any bonded debt, and, so far as practicable, provide a sinking or other fund for the payment of the principal of such debt as the same may become due; it being the intention of this section to require the district to pay the interest and principal of the bonded debt from the revenues of such district. so far as practicable. If, however, from any cause, the revenues of the district shall be inadequate to pay the interest or principal of any bonded debt as the same becomes due, the board of directors shall, at the time of fixing the tax levy and in the manner for such tax levy provided, levy and collect annually until said bonds are paid or until there shall be a sum in the treasury of the district set apart for that purpose sufficient to meet all sums coming due for principal and interest on such bonds, a tax sufficient to pay the annual interest on such bonds, or such part thereof as shall not be met from revenues of the district, and also sufficient to pay such part of the principal of such bonds as shall become due before the time when money will be available from the next general tax levy, or such portion thereof as shall not be met from revenues of the district; provided, however, that if the maturity of the indebtedness created by the issue of bonds be made to begin more than one year after the date of the issuance of such bonds, such tax shall be levied and collected at the time and in the manner aforesaid annually sufficient when added to revenues of the district available for that purpose to pay the interest on such indebtedness as it falls due and also to constitute, together with the revenues of the district available for such purpose, a sinking fund for the payment of the principal of such bonds on or before maturity. The taxes herein required to be levied and collected shall be in addition to all other taxes levied for district purposes and shall be collected at the time and in the same manner as other district taxes are collected and shall be used for no purpose other than the payment of such bonds and accruing interest.

(k) Coupon bonds issued hereunder, at the request of the holder, may be registered as to principal and interest in the holder's name on the books of the treasurer of the district, and the coupons surrendered and the principal and interest made payable only to the registered holder of the bond. For that purpose the treasurer of the district shall detach and cancel the coupons, and shall endorse a statement on the bonds that the coupon sheet issued therewith has been surrendered by the holder, and the coupons canceled by such treasurer, and that the principal and the semi-annual interest are thereafter to be paid to the registered holder, or order, by draft, check or warrant drawn payable at a place of payment specified in the bond, after which no transfer shall be valid unless made on such treasurer's books by the registered holder, or by his attorney duly authorized, and similarly noted on the bond. After such registration, the principal and interest of such bond shall be payable only to the registered owner. Bonds registered under this paragraph may, with the consent of the district and the holders of the bonds, be reconverted into coupon bonds at the expense of the holder thereof, and again reconverted into registered bonds from time to time, as the board of directors of the district and the holders of the bonds may determine. In converting coupon bonds into registered bonds, coupon bonds may be exchanged for registered bonds of one hundred dollars (\$100) each, or Conversion of coupon bonds into registered bonds.

Reconversion.

Exchanging bonds for those of higher denomination. multiples thereof, but not exceeding fifty thousand dollars (\$50,000) each, in which event new registered bonds shall be issued at the expense of the holder. Coupon bonds may be exchanged for other coupon bonds of one hundred dollars (\$100) each, or multiples thereof, but not exceeding fifty thousand dollars (\$50,000) each, in which event new coupon bonds shall be issued at the expense of the holder.

For each conversion or reconversion of a coupon or registered bond, the treasurer of the district shall be entitled to charge and collect such fee as the board of directors of

the district may prescribe from time to time.

(1) All bonds heretofore or hereafter issued by any metropolitan water district shall be legal investments for all trust funds, and for the funds of all insurance companies, banks, both commercial and savings and trust companies, and for the state school funds, and whenever any moneys or funds may by law now or hereafter enacted be invested in bonds of cities, cities and counties, counties, or school districts in the State of California, such moneys or funds may be invested in the bonds of such metropolitan water district.

[Amendment approved May 12, 1931; Stats. 1931, Chap.

323.

Sec. 8. (a) Immediately after equalization and not later than the fifteenth day of August of each year, it shall be the duty of the auditor of each county wherein such district or any part thereof shall lie, to prepare and deliver to the controller of the district a certificate showing the assessed valuation of all property within the district lying in the county, and also such assessed valuation segregated according to cities, the area of which lie within the district.

(b) On or before the twentieth day of August the board of directors of the district shall by resolution determine the amount of money necessary to be raised by taxation during the fiscal year beginning the first day of July next preceding and shall fix the rate of taxation of the district, designating the number of cents upon each one hundred dollars assessed valuation of taxable property in each county and shall levy a tax accordingly:

(1) Sufficient to meet interest and sinking fund requirements on all outstanding bonded indebtedness of said dis-

trict; and

(2) For all other district purposes.

(c) The board of directors shall also cause to be computed and shall declare in said resolution the amount of money to be derived from the area of the district lying within each separate municipality by virtue of the tax levy. In such resolution the board shall also fix and determine

Fees.

Bonds as legal investment for trust and institutional funds.

Taxation: Assessed valuation.

Rate of

Amounts and installments for cities. the times and proportional amounts of installments in which any city may elect to make payment in lieu of taxes as hereinafter provided. The board shall immediately cause certified copies of such resolution to be transmitted to the presiding officer of the governing body of each such city.

(d) On or before the twenty-fifth day of August of each year the governing body of each such city may elect to pay out of the municipal funds all or any portion of the amount of tax which would otherwise be levied upon property within such city. Such election shall be made by order upon motion, which order shall recite that such payment shall be made in cash concurrently with the certification of such order to the controller of the district, or that such payment shall be made in installments and the times wherein such installments shall be payable and the amounts thereof, which amounts shall be in accordance with the requirements of the board of directors of the district as approved by resolution. In the event that any city shall elect to pay in cash, or by deferred installments, money or any part thereof which would otherwise be levied upon property within the city, it shall immediately certify to the controller of the district a copy of such order and a statement showing its financial condition, the funds from which such payments shall be made and the sources of revenue to be used therefor. Provided, however, that in the event any city shall elect to pay in cash all or any portion of the amount of tax which would otherwise be levied upon property within such city to meet interest and sinking fund requirements on the outstanding bonded indebtedness of said district, such amount so elected to be paid shall be deposited with the treasurer of said district on or before the twenty-seventh day of August next following such election; and provided, also, that unless such payment is so made in the case of interest and sinking fund requirements, and unless such election, as to all other taxes, shall provide for payments in accordance with the resolution of the board of directors as hereinbefore provided for, then such election shall be ineffective for any purpose.

(e) Before the first day of September the controller of the district shall cause to be prepared and transmitted to the auditor of each county in which the district shall lie, a statement showing the tax rate to be applied to assessed property in each city, which rate shall be the rate fixed by resolution of the board of directors modified to the extent necessary to produce from each city only the amount of money apportioned thereto in said resolution, less any amount paid or undertaken to be paid by such city, or

Election by cities to pay out of municipal funds.

Same, as to amounts levied for interest and principal of district bonds.

Tax rates for cities.

credited thereto as herein provided, but if any fraction of a cent occur, it must be taken as a full cent on each one hundred dollars.

Collection

(f) Upon receipt by the auditor of each county wherein such district, or any part thereof, shall lie, of a certified copy of the controller's statement showing the tax rate to be applied to assessed property in each city, and showing the cities, the assessed property in which is exempt therefrom, if any, it shall be the duty of the county officers to collect taxes for the benefit of the district at the rate specified as herein provided. The taxes so levied shall be computed and collected at the time and in the manner required by law for the computation and collection of taxes for county purposes, and the property subject to such tax shall be subject to the same penalties for delinquency, and the same provisions of law relating to the sale of property for nonpayment of county taxes and redemption thereof shall apply to the tax herein authorized. When so collected, such taxes shall be paid over to the treasurer of the district, subject to the deduction herein authorized.

Collection fees.

In consideration of services rendered hereunder, any county shall annually be entitled to deduct and withhold an amount not exceeding one per cent on the first twenty-five thousand dollars collected hereunder, and one-fourth of one per cent of any amount in excess of twenty-five thousand dollars collected hereunder. The board of supervisors of each such county may provide such extra help as in their judgment may be necessary for the proper performance of duties hereunder.

Lien of

(g) Whenever any real property situated in any district organized hereunder and upon which a tax shall have been levied, as herein provided, shall be sold for taxes and shall be redeemed, the money paid for such redemption, except advertising costs, shall be apportioned and paid in part to such district in the proportion which the tax due to such district shall bear to the total tax for which such property shall have been sold. All taxes levied under the provisions of this act shall be a lien upon the property upon which levied, and the enforcement of the collection of such tax shall be had in the same manner and by the same means as is or shall be provided by law for the enforcement of liens for state and county taxes, and all of the provisions of law relating to the enforcement of such taxes are hereby made a part of this act so far as applicable.

Payments by cities in cash. (h) Cities, the areas of which are included within metropolitan water districts incorporated hereunder, are hereby authorized to pay to such districts, out of funds derived from the sale of water or other funds not appropriated to some other use, such amounts as may be determined upon by the governing bodies, or other bodies, boards, commissioners or officers having control of such funds, thereof, respectively. Such payments may be made in avoidance of taxes as herein provided, or otherwise, and shall not be deemed gratuitous or in the nature of gifts, but shall be deemed payments for water or services in connection with the distribution of water. Any city making any such payment to any district incorporated hereunder, whether in avoidance of taxes or otherwise, shall receive credit therefor and the amount of the payment so made by any city shall be deducted from the amount of taxes which would otherwise be levied against property lying therein as herein provided. In the event that payment so made by any city shall exceed the amount of taxes which would otherwise have been levied against property within such city, the amount of such excess without interest shall be carried over and applied in reduction of taxes levied, or which would otherwise have been levied during the ensuing year or years. Any city, or body, board, commission or officer thereof having control of funds, which shall have incurred expenses (for which such funds have been, or will be, expended) in the investigation of or preliminary work upon any works or projects taken over by the district, may receive, and the district so taking over any such works or projects may make to such city, body, board, commission or officer thereof, reimbursement for all such sums so expended, or to be expended, for expenses incurred in such investigation of or preliminary work upon the works or projects so taken over by the district, to the extent that the board of directors of the district shall find that such expenditures have benefited such district, it being the intention of this provision to permit the district to purchase, and the city or body, board, commission or officer thereof, to sell, such works or projects taken over by such district, and for which such city, body, board, commission or officer thereof, has no further use or need. The sum so to be paid by such district to such city or body, board, commission or officer thereof, shall be mutually agreed upon, and if the expenses, for which such reimbursement is to be made by the district, shall have been incurred by a body, board, commission or officer, of the city, having control of the funds so expended, or to be expended, for such expenses, then the district shall pay such sum to said body, board, commission or officer, or if ordered so to do by such body, board, commission or officer, the district shall pay such sum to the city.

Credits for such payments in reduction of taxes.

Sale by city or its board to district of works or projects taken over by district. Alternative: Credit in reduction of taxes for expenses incurred by city or its board for such works or projects.

As an alternative to the purchase and sale of any works or projects taken over by the district, as hereinabove provided, any city, or body, board, commission or officer thereof having control of funds, which shall have incurred expenses for which such funds have been, or will be, expended in the investigation of or preliminary work upon any such works or projects taken over by the district, may certify the amount thereof, without interest, to the board of directors of said district at any time within four (4) years from the date of the incorporation of such district. or the incurring of such expenses, if such district be already incorporated, and if allowed by the board of directors such amount shall be credited to the city, which itself, or whose body, board, commission or officer, incurred the same, and such expenditures shall be considered as a payment of money made as herein provided for which deduction shall be made from the amount of taxes which would otherwise be levied against property lying within such city.

Credit in reduction of taxes for expenses incurred by city in the incorporation of district.

Any city which shall incur expenses in preliminary work in preparing for the incorporation of or in the incorporation of any district hereunder likewise may certify the amount thereof, without interest, to the board of directors of said district at any time within four (4) years from the date of the incorporation of such district, and if allowed by the board of directors, such amount shall be credited to the city incurring the same, and shall be considered as a payment of money made as herein provided, for which deduction shall be made from the amount of taxes which would otherwise be levied against property lying within such city.

Such credits not applicable to taxes levied for interest and principal of bonded indebtedness.

No such payments of money made in avoidance of taxes or otherwise, or such credit allowed by such board of directors, as hereinabove provided, shall apply to reduce the amount of taxes which would otherwise be levied against the property within such cities respectively, to meet interest and sinking fund requirements on outstanding bonded indebtedness of such district.

Certification and allowance of credits.

Such certification and allowance shall be made on or before the first Monday in July, and the amount of money to be raised by taxation shall be computed with reference to the credit to be allowed as herein provided, but such credit may, in the discretion of the board of directors, be considered in connection with the amount of money to be raised by the next tax levy, or may be spread over subsequent years, not to exceed five.

(i) If any city shall fail to comply with the terms of the order relating to payments to be made to the district in lieu

Failure of city to carry out its elec-

of taxation, the amount of the delinquency, plus a penalty of ten per cent shall be added to the taxes to be collected during the ensuing fiscal year, and thereafter for a period of two (2) years no order or ordinance shall be sufficient to exempt the property in said city from taxation hereunder unless it be accompanied by payment in cash of the amount which would otherwise be collected from owners of property within the city, together with all moneys due but unpaid under any previous order.

[Amendment approved May 12, 1931; Stats. 1931, Chap.

323.]

Sec. 9. Annexation to the territory of any district organized hereunder may be effected by either of the following methods:

(a) Whenever any area shall be annexed to or consolidated with any city, the area of which shall be a part of any district organized hereunder, such annexed or consolidated area shall by virtue of its annexation or consolidation to such city become and be a part of such district and shall be taxable equally with other parts of such district to pay the indebtedness of the district outstanding at the time of such annexation or consolidation.

(b) The governing or legislative body of any municipality may apply to the controller of any metropolitan water district for a statement showing the amount of the bonded and other indebtedness of the district, the assessed value of the taxable property therein according to the most recent assessment, and the names of all municipalities, the areas of which are included within the district, and it shall thereupon be the duty of the controller to furnish such information to the applicant. After consideration of such statement the governing body of such municipality may apply to the board of directors of such metropolitan water district for consent to annex such municipality to the metropolitan water district. The board of directors may grant or deny such application and in granting the same may fix the terms and conditions upon which such city may be annexed to and become a part of the metropolitan water district, to the end that burdens, including the bonded debt, shall be equitably distributed over all parts of the district, having due regard to benefits. The action of the board of directors evidenced by order made on motion shall be promptly transmitted to the governing body of such applying city, which governing body may thereupon submit to the qualified electors of such city, at any general or special election held therein, the proposition of such annexation subject to the terms and conditions fixed as herein provided. Notice of such election shall be given by posting

tion to pay in lieu of taxation.

Annexation to district.

By annexation to, or consolidation with, member city.

By annexation of a municipality to district. or publication; when given by posting such notice shall be posted at least ten days and in three public places in the city; when given by publication such notice shall be published once at least ten days before the date fixed for the election in a newspaper of general circulation published in the city. Such notice shall contain the substance of the terms and conditions fixed by the board of directors, as herein provided. Such election shall be conducted and the returns thereof canvassed in the manner provided by law for municipal elections in such city. If such proposition shall receive the affirmative vote of a majority of electors of such city voting thereon at such election, the governing body of such municipality shall certify the result of such election on said proposition to the board of directors of said district and a certificate of proceedings hereunder shall be made by the secretary of the district and filed with the secretary of state. Upon the filing thereof in the office of the secretary of state, such municipality shall become, and be, an integral part of such metropolitan water district, and the taxable property therein shall be subject to taxation thereafter for the purposes of said metropolitan water district, including the payment of bonds and other obligations of such district at the time authorized or outstanding.

Validity of proceedings for annexation.

(c) The validity of any proceedings for the annexation of a municipality or city to any district organized hereunder, shall not be contested in any action unless such action shall have been brought within three months after the completion of such proceedings, or, in case such proceedings are completed prior to the time that this paragraph takes effect, then within three months after this paragraph shall have become effective.

[Amendment approved May 12, 1931; Stats. 1931, Chap. 323.]

Withdrawal from district Sec. 10. Any municipality whose corporate area has become or is a part of any water district may withdraw therefrom in the following manner:

The governing body of any such municipality may submit to the electors thereof at any general or special election the proposition of withdrawing from any water district incorporated thereunder. Notice of such election shall be given in the manner provided in subdivision (b) of section 9 hereof. Such election shall be conducted and the returns thereof canvassed in the manner provided by law for the conduct of municipal elections in said city. In the event that the majority of the electors voting thereon vote in favor of such withdrawal, the result thereof shall be certified by the governing body of such municipality to the

board of directors of the district. A certificate of the proceedings hereunder shall be made by the secretary of the district and filed with the secretary of state, and upon the filing of such certificate the area of the municipality so withdrawing shall be excluded from the said water district, and shall no longer be a part thereof; provided, however, that the property within the said municipality as it shall exist at the time of such exclusion shall continue taxable for the purpose of paying said bonded and other indebtedness outstanding at the time of such exclusion and until such bonded or other indebtedness shall have been satisfied.

Sec. 11. No director or any other officer of the district shall in any manner be interested, directly or indirectly, in any contract awarded or to be awarded by the board of directors, or in the profits to be derived therefrom; and for any violation of this provision such officer shall be deemed guilty of a misdemeanor, and such conviction shall work a forfeiture of his office, and he shall be punished by a fine not exceeding five hundred dollars (\$500), or by imprisonment in the county jail not exceeding six (6) months, or by both such fine and imprisonment.

Sec. 12. Every member of the board of directors of a metropolitan water district formed hereunder shall be subject to recall by the voters of the municipality from which such member is appointed in accordance with the recall provisions of the freeholders' charter, or other law applicable to such municipality.

[Amendment approved June 13, 1929; Stats. 1929, Chap.

796.

Sec. 13. All matters and things necessary for the proper administration of the affairs of said district which are not provided for in this act shall be provided for by the board of directors of the district by ordinance.

Sec. 131/2. Any action required by this act to be done by resolution may be done, with equal validity, by ordi-

nance.

[New section added June 13, 1929; Stats. 1929, Chap. 796.]

Sec. 1334. The treasurer of any district organized under the provisions of this act is hereby expressly authorized to deposit funds of such district in banks pursuant to the terms and provisions of an act entitled: "An act to authorize and control the deposit in banks of money belonging to or in custody of any county, city and county, city, town, municipality or other political subdivision within this state, and to repeal all acts or parts of acts in conflict with this act," approved May 24, 1927.

[New section added June 13, 1929; Stats. 1929, Chap. 796.]

Interest of directors in contracts.

Recall of directors.

Necessities.

Action by ordinance.

Deposits by treasurer.

Fiscal year.

Annual statements.

Sec. 14. The fiscal year of any metropolitan water district incorporated hereunder shall commence on the first day of July of each year and shall continue until the close of the thirtieth day of June of the year following. As promptly as shall be possible after the close of each fiscal year, it shall be the duty of the controller of the district to prepare and transmit to the chief executive officer of each municipality, the area of which shall lie within the district, a statement of revenues and expenditures in such detail as shall be prescribed by the board of directors; also a statement of the amount of water stored by the district and the amounts used by the respective cities, the areas of which shall lie within the district.

Constitu-

Sec. 15. If any section, subsection, sentence, clause or phrase of this act is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this act. The Legislature hereby declares that it would have passed this act, and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more other sections, subsections, sentences, clauses or phrases be declared unconstitutional.

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